(c) Consistent with the opening out of policy for NRI investment in India, 'hurdles" in the form of procedural bottlenecks are not regard as significant.

(d) No, Sir. There is no restriction on Overseas pension Funds registered with SEBI for investing only in infrastructure public limited companies.

(e) Government has already initiated, through its disinvestment programme, the inductions of private capital into the shareholding of several of its infrastructure industries.

Demand of Bombay Group of Industrialists

1485. SHRIMATI MIRA DAS:

SHRI CHIMANBHAI MEHTA:

Will the Minister of FINANCE be pleased to state:

(a) what are the demands put forward by the "Bombay Group" of industrialists when they met him last month;

(b) whether they asked for losses from the banks against shares and what are the details about the practice in India and foreign countries;

(c) whether they have asked for reduction of financial Institution's share holdings in companies to only 24 per cent;

(d) whether they demanded linkage of net worth, equity of companies and assets to market value and freedom to decide about the deployment of resources;

(e) whether they also asked for permission to the issue of non-voting rights shares exemption in capital gain tax on transfer or sale of companies assets freedom to promotors for issue of discounted shares to themselves, capital gain tax on par with developed foreign countries tax structure; and

(f) whether it is a fact that he gave a positive response to the demands referred above?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (e) A Group of Industrialists met the Finance Minister on the 10th November, 1993 and submitted a representation entitled "Challenges Facing Indian Enterprises" In their representation the Group inter alia pointed out that they welcome the economic reforms to globalise the Indian economy, and the range of reform must be widened and its pace accelerate to strengthen the economy further. Major suggestions made by the Group include the following:

(i) Restrictions imposed by the Reserve Bank of India (RBI) on banks with respect to their lending against pledge of share be removed.

(ii) In the absence of the equity accounting method prevailing in some countries (where the networth of the investment companies are linked to the market price of the underlying securites), the restriction by R.B.I. on the borrowing capability of Indian financial companies by way of loans, or deposits or both as a multiple networth puts a severe constraint and should be removed.

(iii) Similar constraints imposed by Sections 370 and 372 of the Companies Act and the authority of the government should be replaced by that of the shareholders who should be given the freedom to decide upon the deployment of company resources.

(iv) A mechanism may be worked out to reduce the share-holdings of the Financial Institutions in Indian companies gradually to 20 per cent of capital.

(v) Company law should be amended to enable companies to issue non-voting shares.

(vi) Indian promoters should be able to access low-cost funds abroad for investment in equity.

(vii) Restructuring including mergers and acquisitions and legal processes should be made easier and speedier, and set of the carried over losses in a merger under-section 72(a) of Income-Tax Act should be made automation.

(viii) High-cost in terms of stamp duty and capital gains tax be brought down.

(f) The suggestions made by the Group and other associations and individuals are examined by the concerned Ministries/ Departments of the Government and are kept in view while formulating Government's economic policy.

Preferential Shares of Financial Institutions

1486. SHRI CHIMAN BHAI MEHTA:

SHRIMATI VEENA VERMA:

SHRI SARADA MOHANTY:

SHRI G. G. SWELL:

Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to reject the demand put forward by "Bombay Group" that Financial Insitutions should offer their shares to promoters instead offering them in market;

(b) whether Government propose to instruct companies to offer preferential shares to the promoters at par with other share holders;

(c) whether it is a fact that on mismanagement of companies by promoters FIs and share holders will have a right to change management; and

(d) whether on defaulting dues to the bankers, they would be permitted to convert their loans as equities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (d) The information is being collected and will be laid on the Table of the House.

Racket Involving Import of Chinese Dyes

1487. SHRI V. GOPALSAMY: Will the Minister of FINANCE be pleased to state:

(a) whether Directorate of revenue Intelligence unearthed any racket involving import of Chinese dyes recently;

(b) if so, the details thereof;

(c) whether any arrest has been made if so, details thereof;

(d) whether any detailed investigation has been conducted, if so, details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes, Sir.

(b) Details are in the Statement (*See* below).

(c) No.

(d) Cases at S. No. 3 in the Statement (*See* below) are under adjudication after detailed investigation and issue of show cause notices. Detailed investigations are being conducted in the remaining cases.

(e) Does not arise in view of (d) above.